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ECONOMIC RECOVERY AND GLOBAL CHALLENGES

ANNCR:

OFFICIALS OF BANK OF AMERICA, THE NATION'S LARGEST, SAY THE WORLD IS FACING A RACE BETWEEN GLOBAL ECONOMIC RECOVERY AND NATIONALISTIC TRADE POLICIES. THE SIGNIFICANCE OF THIS ATMOSPHERE IS EXAMINED BY VOA BUSINESS EDITOR FRANK FEINBERG: VOICE:

SENIOR ECONOMISTS AND VICE-PRESIDENTS OF BANK OF AMERICA MET WEDNESDAY IN WASHINGTON WITH REPORTERS TO PRESENT THEIR VIEWS ON THE WORLD ECONOMY. AND THEY CONCLUDE THAT WHILE RECOVERY IS PROCEEDING INTERNATIONALLY, ITS SLOWER PACE IN SOME REGIONS COULD LEAD TO RESTRICTIVE TRADE POLICIES, WHICH IN TURN COULD THREATEN WORLD ECONOMIC STABILITY.

WALTER HOADLEY, THE BANK'S CHIEF ECONOMIST, TOGETHER WITH HIS ASSOCIATES, CAUTIONS THAT RESTRICTIVE TRADE BARRIERS HAVE BEEN THE HISTORICAL PRECURSORS OF RETALIATORY TRADE WARS, AND UNSTABLE FINANCIAL MARKETS. THIS, THEY SAY, MUST NOT HAPPEN AND IT CAN BE PREVENTED.

THE BANKING AUTHORITIES, MANY STATIONED IN WORLD CAPITALS, OFFER THESE PROPOSALS TO HELP GUARANTEE AGAINST ECONOMIC RIVALRIES AND REPRISALS. . . AND THE POTENTIAL FOR CREATING ANOTHER RECESSION. THEY STRESS THE IMPORTANCE OF SUSTAINING THE U.S. RECOVERY, SINCE IT IS ESSENTIAL FOR ECONOMIC PROGRESS IN MUCH OF THE WORLD. THEY REPORT THAT IN EUROPE, THE PACIFIC, LATIN AMERICA, THE MID-EAST AND AFRICA THERE IS CONSTANT WATCH ON THE U.S. ECONOMY -- REFLECTING ITS IMPORTANCE AS BOTH A MARKET FOR BASIC COMMODITIES AND MANUFACTURED GOODS.

A SECOND PROPOSAL BY THE BANKERS IS ALL-OUT EFFORTS TO KEEP TRADE CHANNELS OPEN, AND TO STRONGLY SUPPORT THE CURRENT GATT INTERNATIONAL TRADE NEGOTIATIONS. THIRD, THE U.S. EXPERTS URGE PROMPT INTERNATIONAL ACTIONS TO AMELIORATE BALANCE OF PAYMENTS AND RELATED FINANCIAL PROBLEMS, ESPECIALLY THOSE OF RESOURCE-POOR NATIONS. IN THIS REGARD, THEY CALL FOR A SPEEDUP IN IMPLEMENTING THE NEW INTERNATIONAL MONETARY FUND ASSISTANCE PROGRAMS, INCLUDING HELP WITH OIL PURCHASES.

THE BANK OF AMERICA OFFICIALS OBSERVE THAT MOST OF THE WORLD IS LAGGING BEHIND THE UNITED STATES IN THE PACE OF ECONOMIC RECOVERY -- FROM SIX-MONTHS TO MORE THAN A YEAR. THIS HAS INTENSIFIED PRESSURES ON GOVERNMENTS TO BOOST EXPORTS AND REDUCE IMPORTS. ALSO, IN NUMEROUS INSTANCES, TO CONSIDER PROTECTIONIST TRADE MEASURES. . . AND TO STRESS NATIONALISM.

THIS IS NOT SUPRISING, THE BANKERS SAY, CONSIDERING DOMESTIC POLITICAL PRESSURES FACED BY GOVERNMENT OFFICIALS. BUT, THEY STRESS, KEEPING TRADE CHANNELS OPEN WILL YIELD MORE CONSTRUCTIVE RESULTS THAN RESORTING TO RESTRICTIONS. AS THEY POINT OUT, THE ECONOMIES OF ALL NATIONS -- BOTH INDUSTRIALIZED AND DEVELOPING -- WILL HAVE THEIR UPS AND DOWNS. BUT CO-OPERATION AND CO-ORDINATION OF ECONOMIC POLICIES -- ON A GLOBAL BASIS -- IS OF VITAL IMPORTANCE IN A WORLD OF EVER INCREASING INTER-DEPENDENCE.

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